

## Message Text

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PAGE 01 MANILA 07180 180309Z

62

ACTION EB-11

INFO OCT-01 EA-11 ISO-00 CAB-09 CIAE-00 COME-00 DODE-00

DOTE-00 INR-10 NSAE-00 RSC-01 FAA-00 L-03 TAR-02 SS-20

NSC-07 DRC-01 /076 W  
----- 058749

R 170922Z JUN 74

FM AMEMBASSY MANILA  
TO SECSTATE WASHDC 4416

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E.O. 11652: N/A

TAGS: ETRN, RP, US

SUBJECT: CIVAIR: US-PHILIPPINE NEGOTIATIONS

REF: STATE 127342

1. BEGIN SUMMARY: SATURDAY, SUNDAY AND MONDAY SESSIONS REVEALED GRADUALLY HARDENING PHIL POSITION IN REGARD ROUTES AND ALL-CARGO SERVICES FINALLY RESULTING IN CLEAR PHILDEL POSITION ON MONDAY THAT THEY WERE NOT PREPARED TO CONSIDER ANY ROUTE CHANGES OR ALL-CARGO SERVICES (EXCEPT FLYING TIGER'S PRESENT OPERATIONS) IN DEAL. ACCORDINGLY, TWO DELS AGREED IMPASSE REACHED AND TERMINATED NEGOTIATIONS WITH NO ARRANGEMENTS FOR RESUMPTION. END SUMMARY.

2. IN SATURDAY SESSION USDEL TABLED MEMCON ON CAPACITY ARRANGEMENTS INCORPORATING SUGGESTIONS CONTAINED REFTEL ALONG WITH TEXT OF AGREEMENT. WITHOUT COMMENT ON CONCEPT PHILDEL PROPOSED THAT MEMCON AND TEXT BE REVIEWED BY DRAFTING GROUP. PHILDEL PROMISED LATER PAPER ON ALL-CARGO.

3. IN SUBSEQUENT PRIVATE SESSION ROMUALDEZ SAID ROUTE QUESTION WAS CAUSING DIFFICULTY AND HOPED USDEL COULD

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PAGE 02 MANILA 07180 180309Z

DROP MATTER AT LEAST IN CONTEXT CURRENT DEAL. HE SAID

GOP MIGHT EVEN DROP GUAM. US REPS SAID THIS WAS NOT POSSIBLE BUT SUGGESTED US MIGHT LOOK AT DEAL INVOLVING FOR US TAIPEI, HONG KONG AND ONLY ONE IMPORTANT POINT IN SOUTHEAST ASIA. AFTER SOME DEBATE ROMUALDEZ PROMISED TAKE ANOTHER LOOK AT ROUTES, BUT FELT THAT ANY 5TH FREEDOM SECTOR WOULD HAVE TO BE RESTRICTED.

4. DRAFTING GROUP EFFORT ABORTIVE SINCE PHIL REP (CALKINS) SAID HAD NO AUTHORITY TO DISCUSS TEXT, OR ANY ARRANGEMENTS ON SUBSTITUTABILITY OF AIRCRAFT OR LIFTING OF SEVEN FLIGHT LIMIT IN MEMCON CAPACITY ARRANGEMENTS.

5. IN SUNDAY SESSION PHILDEL TABLED PROPOSAL LINKING AD HOC ALL-CARGO ARRANGEMENTS FOR FLYING TIGER TO GRANT OF GUAM TO PHILS BUT NO PROVISIONS FOR PAA ALL-CARGO SERVICES. USDEL DID NOT RESPOND. (USDEL PREPARED COUNTERDRAFT WHICH PROVIDED FOR PAA WITH SOME OPTICS FOR PHIL VIEW BUT DID NOT TABLE IN LIGHT LATER DEVELOPMENTS.)

6. SUNDAY SESSION ALSO DEALT WITH AGREEMENT TEXT. PHILDEL ADVANCED SEVERAL UNPERSUASIVE ARGUMENTS WHY COULD NOT CONSIDER TEXT SO TWO DELS SIMPLY AGREED RESERVE POSITION ON THIS. RE QUESTION SUBSTITUTABILITY AND FREQUENCY LIMITED IN MEMCON PHILDEL REFUSED TO MOVE BUT DID OFFER CONSIDER SHORT TERM TWO FOR ONE SUBSTITUTIONS FOR EMERGENCY AND OVERHAUL PURPOSES. USDEL SAID THIS DID NOT GO FAR ENOUGH.

7. IN MONDAY MEETING PHILDEL TABLED PAPER ON ROUTES WHICH PROVIDED ONLY FOR FUTURE CONSULTATIONS ON MATTER BUT NO CHANGES AT PRESENT TIME EXCEPT FOR GUAM TO PHILS. (PHILDEL PERSISTED THROUGHOUT IN VIEW THAT GUAM GRANT WAS TRADE FOR FLYING TIGER AND THIS WAS CLEARLY MATTER OF SOME SENSITIVITY TO THEM, OPTICALLY OR OTHERWISE) AFTER PRIVATE DISCUSSION REVEALED FIRM PHILDEL POSITION ON BOTH ROUTES AND ALL-CARGO, TWO DELS AGREED THAT IMPASSE HAD BEEN REACHED AND TALKS SHOULD BE TERMINATED. AT THIS POINT PHILDEL MADE LAST DITCH PROPOSAL TO "SAVE TALKS FROM COLLAPSE". PROPOSAL, WHICH WOULD REQUIRE GOP CLEARANCE, INCLUDED FULL BERMUDA LIMITED OFFICIAL USE

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PAGE 03 MANILA 07180 180309Z

IN ONE YEAR'S TIME, ONE US CARRIER, NO BEYONDS, NO FIFTH FREEDOM RIGHTS, CONSULTATIONS ON TARIFFS PRIRR TO SUSPENSION, GUAM FOR PHILS, AND INTERIM REGIME OF DAILY DC-10 FOR PHILS IN TWO STAGES AND THREE 747S FOR US SINGLE CARRIER. TWO US CARRIERS WOULD HAVE SIX MONTHS TO GET OUT OF MARKET. IN PASSING HE POINTED OUT IN PHIL VIEW ALL-CARGO MILITARY FREIGHTERS SHOULD BE CONFINED TO MILITARY BASES. AFTER SHORT RECESS

USDEL SAID PROPOSAL SIMPLY NOT REALISTIC IN LIGHT CURRENT CIRCUMSTANCES AND, WHILE USDEL PREPARED TO SEND TO WASHINGTON, IT WAS NOT LIKELY TO BE ACCEPTED. PHILDEL SAID IN LIGHT THIS ANSWER TALKS SHOULD BE TERMINATED AND ALL PROPOSALS ON BOTH SIDES CONSIDERED WITHDRAWN, USDEL AGREED.

8. COMMENT: AFTER CONCLUSION ROMUALDEZ COMMENTED PRIVATELY THAT WE HAD PUSHED THEM TOO HARD. UNDERSTAND THAT PAL (WHOSE INPUT WAS UNDOUBTEDLY CRITICAL IN TALKS) NOW DOING VERY WELL IN REGIONAL MARKETS AND CONCLUDED THAT THREAT TO THOSE OPERATIONS POSED BY US FIFTH FREEDOM AMBITIONS MADE PRICE FOR DC-10S TOO HIGH. PHIL HANG-UP ON ALL-CARGO UNDOUBTEDLY INFLUENCED BY FEELING THEY HAD BEEN "TAKEN" ON FLYING TIGER DEAL. PHILDEL COMMENT ON MILITARY FREIGHTERS MAY PRESAGE SOME ACTION ON PAN AMERICAN'S MILITARY FREIGHTERS THROUGH MANILA.  
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## Message Attributes

**Automatic Decaptoning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CIVIL AVIATION, CARGO HANDLING, NEGOTIATIONS, AIR ROUTES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 17 JUN 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** WorrelSW  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Errors:** N/A  
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**Office:** ACTION EB  
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**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
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**Secure:** OPEN  
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**TAGS:** ETRN, RP, US  
**To:** STATE  
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